

**~~CONFIDENTIAL~~**

*11 October 1961*

MEMORANDUM FOR: Comptroller

SUBJECT : Financial Management Program Emphasis

1. For several years the Office of the Comptroller has been working on its financial management program. There are many aspects of the program that have led or we believe will lead to better financial management in this Agency. The highlights are as follows:

a. In the accounting field:

- (1) Financial property accountability.
- (2) Accrual accounting within certain limitations.
- (3) Cost accounting for both direct and indirect costs.

b. In the budget field:

- (1) The development of procedures and format for internal operating cost-based budgets.
- (2) Raising the level of allotments.

c. Miscellaneous:

- (1) Improved procedures and methods for better financial control.
- (2) Development of a central property procurement control system.
- (3) Development of a cost reporting system.
- (4) Conversion to an automatic data processing system.
- (5) Conducting conferences and training courses in accounting and budgeting.
- (6) Improved financial coding.

**~~CONFIDENTIAL~~**

Document No. _____	1
No Change In Class. <input type="checkbox"/>	
<input type="checkbox"/> Declassified	
Class. Changed To: TS S <b>(C)</b>	25X1
Auth.: HR 70-2	
Date: <b>24-5-78</b>	
By: <input type="checkbox"/>	

SUBJECT: Financial Management Program Emphasis

2. The major emphasis during the last year has been on conversion to automatic data processing, training, improvement of financial coding, and accrued cost accounting and cost-based budgeting. While considerable progress and beneficial results have been accomplished under the program, certain factors at this time indicate a need to consider a change in emphasis. These factors are discussed below:

a. The Agency has partially complied with Public Law 863 by developing a cost accounting system and internal cost-based budget procedures and format.

b. The Bureau of the Budget and the Congress have not expressed any interest in pushing the cost-based budget.

c. The offices have expressed an interest in cost information and, in some cases, to a rather extensive degree. However, because the budgets at all levels (the Agency, Bureau of the Budget, and the Congress) are expressed in terms of obligations, the offices find it desirable to keep and use obligation data at the cost center level.

d. Serious problems in connection with coding and accruing have resulted in deferring the issuance of cost reports until these problems are resolved. It is now planned to issue the Fiscal Year 1961 Cost Report sometime after 31 October.

e. The workload involved in accruing costs and issuing cost reports is burdensome and a good job cannot be accomplished with the present number of personnel without incurring overtime and/or neglecting other activities.

3. In view of the foregoing factors, it is recommended that the following actions be taken to clarify the Agency's position on cost-based budgeting and to redirect emphasis within the financial management program:

a. The Agency review its efforts towards cost-based budgeting with the Management Staff of the Bureau of the Budget just prior to the submission of the next FMI Congress Report and attempt to secure the Bureau's concurrence to curtail cost-based budgeting activities until the Congress expresses a desire for such a budget. In the meantime, the Agency should devote its efforts toward improving the accounting procedures and records which provide the basic data for a cost-based budget.

SUBJECT: Financial Management Program Emphasis

b. The Comptroller discontinue the separate courses on cost accounting but incorporate certain principles relating to costing such as indirect costing for printing, in the budget courses.

c. The Comptroller continue to accumulate actual costs on a current basis and develop a year end accrual as of 30 June. Thus we would have historical cost data for management use and for cost-based budgeting, if and when required, but would avoid costly accrual exercises during the year.

d. The Agency direct its financial management program emphasis toward:

(1) Strengthening the property procurement and control system; including inventory, pricing, and costing in order to develop good information on Agency resources.

(2) Improving obligational, cost and related data.

(3) Streamlining its budget requirements and adapting machine methods to budgeting wherever feasible.

(4) Reducing the paper workload involved in accounting for personal services; also reducing the paper workload in office and field accounting.

(5) Improving its financial code and cost structures and reporting systems to provide better and more timely financial data.

COMPTROLLER POLICY PLANNING GROUP:

25X1A9A

25X1

Approved For Release 2002/05/14 : CIA-RDP78-05246A000100030001-1

Approved For Release 2002/05/14 : CIA-RDP78-05246A000100030001-1